

MR. J. P. WILEMAN'S WEEKLY LETTER

"MOSTLY ABOUT COFFEE"

24th March, 1914.

No. 12.

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NOTICE.

In consequence of the temporary suspension of publication of the "Brazilian Review," Mr. Wileman's weekly contribution "Mostly About Coffee", which until lately appeared as a Supplement of that journal, will be distributed to subscribers of the "Review" separately, until arrangements can be made for its again being incorporated with that journal.

RIO DE JANEIRO.

CAIXA 1521.

**Rio de Janeiro, 23rd March, 1914.**

Santos Spot No. 7 closed at New York on Saturday, 21st inst., at 10 3/8 cents and May options at 8.34 cts., July 8.49, September 8.64, and December 8.80 cts.; at Havre May options 56.25 frs., July 56.75, September 57.25, and December 58 frs.; at Hamburg May options 45.75 pfs., July 46.25, September 47, and December 47.50 pfs. At Santos type No. 4 closed March 5\$100 to 5\$125; April 5\$200 to 5\$225; May 5\$300 to 5\$325; June 5\$425 to 5\$450; July 5\$525 to 5\$550; and August 5\$625 to 5\$650.

Entries for the week ended 19th March and 20th March respectively were as follows:—

	1914	1913
Rio .....	37,916	43,051
Santos .....	60,337	35,353
	<u>98,253</u>	<u>78,404</u>

Decrease, Rio, for week, 5,135 bags or 11.9 per cent. compared with last year.

Increase, Santos, for week of 24,984 bags or 70.7 per cent. compared with last year.

Increase, for both ports, for week of 19,849 bags or 25.3 per cent. compared with last year.

Entries for crop to March 19th were:—

Rio .....	2,369,351	2,374,257
Santos .....	9,890,252	7,951,065
	<u>12,259,603</u>	<u>10,325,322</u>

Decrease, Rio, for crop, 4,906 bags or 0.21 per cent. compared with last year.

Increase, Santos, for crop, 1,939,187 bags or 24.4 per cent. compared with last year.

Increase, both ports, for crop, 1,934,281 bags or 18.7 per cent. compared with last year.

Entries at Rio and Santos to 19th March, or corresponding dates of previous six years were:—

1913-14—12,259,603	1910-11— 9,836,142
1912-13—10,325,322	1909-10—13,963,369
1911-12—11,113,605	1908-09—11,507,765

Clearances to 19th March were:—

	Week ended March 19		Crop to March 19	
	Bags	£	Bags	£
Rio .....	40,385	90,511	2,021,910	5,019,218
Santos .....	176,699	496,171	9,498,131	28,484,577
1913-14 .....	217,084	586,682	11,520,041	33,503,795
1912-13 .....	112,895	372,757	9,994,963	38,224,048

Increase clearances for both ports for current crop to 19th March compared with 1912-13, 1,525,078 bags or 15.3 per cent.

Decrease in value £4,720,253 or 12.4 per cent., as against 13.8 per cent. on March 12th.

Stocks were:—

Rio .....	307,574	319,173
Santos .....	1,415,354	1,489,112
19th March, 1914 .....	1,722,928	1,808,285
20th March, 1913 .....	1,723,835	1,757,274
21st March, 1912 .....	2,363,578	2,473,922

Following the course of Santos entries, prices relapsed again. At Rio, however, there was some falling off in entries. Prices have fallen so low and invisible supplies been so depleted as to make a reaction almost inevitable as soon as Santos entries show some definite signs of exhaustion.

So far Santos prices do not seem to have benefitted by the fall of exchange, the percentage at New York for May options and for March delivery at Santos being almost identical.

If there is a short crop in 1914-15, as predicted, there would be an opportunity for a spectacular display on the part of some bull leader, says "The American Grocer," but the man must be known

to the trade as a fighter. There are one or two in New York who by experience, ability and money, could play the part, but they are hedging too well to wade in deep waters. There will, however, come the time when a big coffee syndicate will be organised either in Brazil, Europe or the United States, that will take the bull by the horns and force coffee to the pedestal, where it belongs, as one of the three leading commodity specials of the world. Its best starter on the way of a big movement would be to begin big advertising of Brazil coffee immediately.

Towards the end of January certain Wall Street houses were preparing to bull coffee futures, but were frightened by the continuous large entries which diverted speculation to stocks. Until consuming markets make up their minds as to the volume of this and the coming crop, it will be difficult to stampede them into buying beyond current requirements, but once that is settled any bull initiative will have it pretty well its own way.

The lead, we imagine, will come from S. Paulo, where active preparations are being made with the aid of the late loan to help planters to hold their coffees until prices react. At present planters are at the mercy of bankers and commissarios, and have to sell willy-nilly at whatever price they can get to meet upkeep and harvesting expenditure. But with the product of the part of the loan already launched and that in preparation, not to mention the issue of the Banco Hypothecario, money should get cheaper at S. Paulo and so enable planters to borrow at more reasonable rates against warrants.

It must be recollected that the S. Paulo Government has a definite and thoroughly thought out scheme for helping planting interests, which, within a few weeks, will be put into execution with plenty of money to back it.

All that is wanted now is a lead to start the upward movement, which, unless consuming markets anticipate us, will come very shortly from S. Paulo.

To paraphrase an old song: we have the stuff, we have the men, and shall soon have the money too; and if that is not enough to bring about the reaction, nothing will.

Stocks at Santos on 20th were 1,477,000 bags, supposed to be distributed as follows:—

1st and 2nd hands in Paulista Co.'s warehouse .....	500,000
" " Central .....	170,000
" " International .....	70,000
	<u>740,000</u>
Commissarios and exporters .....	737,000
	<u>1,477,000</u>
Probable entries, March 20-31 .....	80,000
" April .....	150,000
" May .....	150,000
" June .....	300,000
	<u>2,157,000</u>
Minimum stock, 30th June .....	657,000
Likely shipments to end June .....	1,500,000
at say £2 10s. per bag .....	£3,750,000
Sold ahead .....	250,000
	<u>£3,500,000</u>

Value of Exports of coffee from Santos for 2 months, January-February:—

	1913	1914
	£	£
Germany .....	1,341,500	956,300
Argentina .....	67,700	46,700
Austria-Hungary .....	346,200	244,300
Belgium .....	125,600	200,900
United States .....	2,500,800	2,297,700
France .....	970,900	781,200
Great Britain .....	194,200	259,400
Spain .....	64,900	34,600
Holland .....	666,900	642,300
Italy .....	126,300	71,700
Sweden .....	82,800	74,600
Other Countries .....	93,100	86,700
Total .....	<u>6,589,900</u>	<u>5,696,400</u>

**A Matter of Opinion.** Commenting on my remarks in last week's letter, apropos of entries, it has been remarked that, if, on the one hand, failures of S. Paulo commissarios have been numerous, there are still plenty of reliable houses to whom coffee may be consigned and that monetary and banking stringency would more than counteract any disposition on the part of planters to hold back produce.

On the contrary, planters, says my informant, are forced to market every bag of coffee they possibly can for upkeep and to provide funds for harvesting that commences next month; with the result that before the new crop sets in the reserve usually carried over from one crop to another will be exhausted and the barns of fazendeiros swept bare.

The tightness of money and failure of commissarios has at least brought about one reform, in so far as commissarios now arrange money before opening credits to fazendeiros, instead of after, as used to be the case.

Going back to first causes, the actual coffee crisis can be traced to the credit boom that originated in the abnormal supply of gold.

In consequence loans were easy and in 7 years the Caixa de Conversão accumulated aver £26,000,000 and put 400,000,000\$ or 50 per cent. more notes into circulation.

For the moment this was more than the market could absorb and discounts fell to 4 per cent at Rio and 5 or 6 per cent. at S. Paulo.

But with the aid of a multitude of new foreign banks, that had to create a clientele somehow, speculation found no difficulty in placing money as quickly as it was issued and rushed coffee and everything else up to fancy prices. It was the action of these banks in lending, not wisely but too much, and the pressure afterwards brought to bear on their debtors that precipitated the coffee crisis and rendered it much more acute than might otherwise have been the case. The market, however, has learned a lesson which it may be relied on to lay to heart until the next boom comes along and easy money again brings speculation, inflation and reaction in its inevitable course.

**Warrants.** In 1911-12, when money was cheap, the movement in warrants was enormous. At present, with tight money, the total issue does not probably exceed 300,000\$, on which discount rules 12 per cent. per annum. At present the difference between spot and June is 150 reis, equal to a carrying charge of 15 per cent. per annum. There would, therefore, still seem room for warranting coffee even at 12 per cent. interest.

**Crop Estimates.** Dutch brokers estimate the current crop at 18,690,000 bags and that for 1914-15 at 16,460,000, of which latter 13,250,000 from Rio and Santos. This Nortz and Co. believe to be 250,000 bags short.

A large increase is, however, anticipated outside of Brazil, Dutch East Indies production being put at 800,000 bags, as against only 400,000 five years ago.

For Central America an increase of 300,000 bags is allowed for.

Consumption is put at 18,250,000 bags, as against 18,000,000 bags for the current year.

The changes that may be looked for in the Visible Supply are:

1st July, 1913	—	10,288,000
1st July, 1914	—	10,978,000
1st July, 1915	—	9,188,000

**Robusta.** The report of "Serdang Centrals", one of the Maclaren concerns, states that the areas originally taken over by the company comprised 694 acres of rubber interplanted with coffee. The cultivation of rubber on this area had been neglected, whilst the coffee catch crop had also retarded growth. Since then coffee had been entirely eradicated. The area now planted with rubber now comprises 2,405 acres

"Marawar (Jaya) Plantations" report coffee harvested for year ending December 31st, Robusta 2,025 cwts, Liberia 250 cwts.

The following from the New York "Commercial" fairly describes the position:—The market appears to have reached a point where all hands are awaiting developments. Roasters and dis-

tributors in the consuming markets evidently purchased a good deal of coffee on the declines of December and January, and are not showing a great deal of interest so far as fresh business is concerned, Brazil having helped this position to some extent through these sales, is now relatively steady. Primary shippers show no great disposition to advance their prices, but they are not urging their coffee on this market and are holding above parity. Meanwhile, speculative as well as trade buyers are holding off, and there is little disposition to take an aggressive attitude on the long side while the Brazilian receipts continue full. On the other hand, the movement may at any time fall off sharply, and there seem to be few who care to sell on any important scale below a parity with the present views of Brazilian shippers, and run the risk of a falling off in the movement which might revive bullish sentiment as to the coming crops.

**Circular of G. Duuring and Zoon, of 28th February:**—Coffee sold on 24th February, 13,536 bags Government Java, chiefly good ordinary descriptions, average price, 40 1/2 cts. Next sale to be held April 28th.

The Dutch Trading Company has been selling this month 5,250 bags Santos and Rio, 14,750 bags having been bought in.

First hand business has been on a moderate scale, chiefly Robusta, which sold fairly well until recently, importers not being willing to follow the decline. Santos 1 1/2 cts. down and very little business passing.

The dominant feature of the market has been the rather heavy scale of receipts in Santos, which had a deterrent influence; heavy liquidations of March positions in the terminal market must also be held responsible for the decline. Purchases having been restricted to the bare necessities, the invisible supply no doubt has been much reduced. Santos has shown a comparatively firm front, which considerably checked cost and freight business. Stocks in Santos are exhibiting a substantial reduction of 452,000 bags during the month under review, receipts for next month are now being estimated at about 275,000 bags.

Arrivals with us have been on quite a moderate scale, 34,200 from Java and 114,600 bags from Santos. Deliveries of the latter amounting to 119,800 bags, our stock decreased from 607,400 bags to 602,200 bags.

In the optional market values were well sustained during the first fortnight, but since collapsed about 2 cts., closing 28 cts. per March, 28 1/4 cts. per May, 28 3/4 per September and 29 cts. per December. Business was quite important at the reduction (chiefly transfers), 134,500 bags or 235,500 bags since 1st January.

European stocks were 418,000 bags more at the end of last month, but the visible supply has been exhibiting a decrease of 389,000 bags. Both arrivals and deliveries have been on an exceptionally large scale.

The annual figures of production have been out this month, having turned out to be more than previous estimates. The total production has been 16,514,000 bags, as compared with 17,636,000 bags in 1911-12, being 992,000 bags more than last year's valuation. Present crops are being estimated at 18,690,000 bags, as against an estimate of 17,480,000 bags last year. The 1914-15 crops are now computed to be 16,460,000 bags, but this of course may be subject to many modifications between to-day and one year and a half hence, probably rather less than more.

#### THE FOREIGN TRADE OF S. PAULO.

	Imports			Exports		
	In £1,000.					
	1912	1913	1914	1912	1913	1914
January	1,229	1,739	992	2,790	4,337	3,330
February	1,104	1,490	833	2,228	2,267	2,408
Total	2,333	3,229	1,825	5,018	6,604	5,738

Compared with 1913, when imports at S. Paulo attained their maximum, the statistics for the port of Santos show another heavy decline in value in February of £656,629 or 44 per cent., which, with that of £747,947 for January, brings the falling off for the first two months of this compared with last year to £1,404,576 or 43.4 per cent. The following percentages of increase or decrease compared with last year indicate a falling off in every class of manufactures, materials and food products, excepting jute

yarn, wheat, and rice, in which last there was a slight increase of about £5,000.

Iron and steel and manufactures.....Dec.	62%
Machinery of all kinds .....	47%
Coal .....	22%
Chemicals .....	31%
Kerosene oil .....	48%
Cotton goods .....	48%
Jute yarn .....	8%
Hessians .....	21%
Leather goods .....	29%
Cod fish .....	55%
Wheat flour .....	63%
Wheat .....	28%
Wine .....	42%

Food products sundry .....

During the boom, immense quantities of merchandise of every description were imported that must take months to get into consumption. The stock of national cotton goods in the interior is, for example, said to be sufficient for two years' consumption and if stocks of imported goods are on a similar scale, any considerable revival of imports would seem somewhat remote.

Turning to Exports, their value, in spite of the fall of coffee prices, for February is larger either than in 1912 or 1913, and for the first two months of the current year £720,026 larger than in 1912, though £864,864 less than last year. Thanks to the drastic curtailment of imports, the balance of S. Paulo's foreign trade for the first two months of the current year shows £3,913,360 in favour of Exports, as against £3,373,865 in 1913 and £2,684,884 in 1912.

Should the shrinkage of imports continue on a similar scale, their value for the four months, March to June, would be about £3,000,000, as against £4,000,000 for Exports and thus leaves a balance of about £1,000,000 in favour of S. Paulo exports, as against a shortage of £2,735,480 for the same period last year.

The fact that the balance of foreign trade is rapidly becoming more favourable to S. Paulo should not be interpreted as an indication of early monetary ease, seeing that there are large arrears of commercial indebtedness to be cleared off before the new crop can be available.

With the aid of the fresh foreign capital already negotiated, should economic conditions develop on actual lines, there is, however, good reason to expect that in the course of the coming crop commercial and financial conditions at S. Paulo should materially improve.

**MONEY.**

Gold in deposit at the Caixa de Conversão on Saturday, 21st March, amounted to Rs. 234,729:664\$493, equivalent to £15,648,644 a shrinkage since previous Saturday of £1,047,665 and since 31st December, 1913, of £2,751,864.

Since 12th February, 1913, when gold deposits at the Caixa reached their maximum, the movement has been as follows:—

February 12th, 1913 .....	Rs. 420,924:300\$	£26,772,301
August 31st, 1913 .....	312,855:500\$	19,570,048
September 30th, 1913 .....	316,885:500\$	19,836,713
December 31st, 1913 .....	276,007:630\$	18,400,505
February 28th, 1914 .....	265,209:420\$	17,600,628
March 21st, 1914 .....	254,069:441\$	15,648,644

The decrease in convertible notes since February 12th, 1913, to date amounts to 29.4 per cent. and of the total circulation, inclusive of inconvertible notes, to 16 per cent.

From 12th February to end of March last year only £748,431 left the Caixa and only towards the end of April did the drain, that usually follows the close of the coffee and rubber seasons, set regularly in, reducing gold deposits at the Caixa to £19,570,048 by end of August.

In September there was a revival owing to the transfer of the balance of the £11,000,000 loan and proceeds of the sale of a "Dreadnought," but in spite of all, persistent drainage carried deposits to £18,400,508 by the close of the year.

This year, as was to be expected, in view of the dearth of financial bills, the drain set in much earlier and up to date, 21st

March, the Caixa has lost £2,751,864, as against only £798,431 up to 31st March last year.

No bills to any large amount can be looked for until July or August, so that unless the supply can be supplemented by financial bills, there seems every probability of the drain persisting in spite of the tightness of money.

About July the coupons of the 1898, 1908, 1911 and 1913 London loans fall due, as also those of the internal apolices, of which a considerable amount are always remitted.

**Exchange.** The market during the week developed still further weakness, Rio closing on Saturday, 21st inst, with the foreign banks drawing at 15 11/16d. and buying at 15 3/4d. Gold continues to leave the Caixa in large quantities, £1,047,665 having been withdrawn during the course of the week, thereby still further reducing the circulating medium, without, however, appreciably affecting cash reserves of the banks, which when obliged to ship gold as cover their reserves by substituting convertible by inconvertible notes.

The foreign banks are always obliged to maintain a strong reserve, especially when exchange is oscillating.

Exclusive of the Banque Française and Italienne, which does not publish a separate balance sheet for Rio, deposits on 28th February were as follows:—

Accounts current, with and without interest .....	65,914:651\$000
.. fixed dates .....	44,255:298\$000
	<hr/>
	110,169:949\$000

Cash reserves in the same banks amounted to 37,392:621\$000, or 56.7 per cent. of deposits on current account and 33.9 per cent. of total deposits.

Reserves, I believe, are usually about 50 per cent. of sight deposits, but rise sometimes to 60 per cent. or over in times of great oscillations in exchange.

Naturally, it is to the interest of the foreign banks to maintain as large a proportion as possible of their cash reserves in gold or gold notes, immediately available for cover. This, does not, however, restrict the circulation, as Sr. Emilio Simon seems to imagine, seeing that, convertible or inconvertible, all notes in or out of banks form part of the circulation.

On the basis of 50 per cent. of sight deposits, the reserves in these banks should, on 28th February have been about 33,000:000\$, of which perhaps £500,000, or, say, 7,000:000\$, in gold coin and 26,000:000\$ in convertible and inconvertible notes. How much of the reserve may consist of exclusively convertible notes is impossible to ascertain, but supposing it to have been two-thirds, the stock of convertible notes in these banks on 28th February could not have been much over 17,000:000\$ or say, in round numbers, £1,200,000. This, of course, does not account for stocks held by National banks in or out of Rio, nor of foreign banks outside Rio, nr the Banque Française e Italienne at Rio. Since 28th February over a million have left the Caixa, and unless these banks have succeeded in renewing their stocks of convertible notes, they must be much depleted.

There is now an appreciable premium on gold and the inducement to hoard convertible notes is, therefore, greater than ever.

That these notes have of late been systematically hoarded outside the banks seems indisputable, when it is considered that the cash reserves of all the banks in the country amounted on 31st January last to only 179,882:000\$, or little over 20 per cent. of all currency in circulation, amounting to some 865,000:000\$, inclusive of both convertible and inconvertible notes.

Of the 686,000:000\$000 "pocket cash reserve," a very large part is unquestionably being hoarded and in practice does not circulate at all. Supposing this to be the case with most of the 250,000:000\$ of convertible notes still extant, the money really in circulation all over the country must in practice be restricted to the inconvertible notes, amounting to some 600,000:000\$, plus silver coin, which latter is also being hoarded by colonos at S. Paulo, where silver coin disappears as quickly as it is issued.

The question is whether the stock of gold and gold notes in the banks will hold out until the new coffee crop is available and, if not, what is to become of exchange?

Without going into details, it seems certain that resources in sight during the next four months will not unassisted suffice to

meet imports, even on their present reduced scale, still less to provide for the service of the foreign debt, dividends of foreign companies and, what is generally overlooked, the gradual settlement of the heavy commercial obligations carried over from 1913.

How much may be required on balance is impossible to calculate; but to all appearances it will be very heavy and can only be provided for by loans, now almost impracticable.

Under the circumstances, a continuous fall of exchange would seem inevitable unless it can be checked at once by fresh borrowing.

The Bank of Brazil might check the fall for the moment by drawing for a million or so and perhaps even raise the rate again to 16d.; but as soon as that resource was exhausted, the drain would set in again until equilibrium were reestablished in the only way immediately possible—by fresh foreign loans.

Even with the present drastic reduction of imports, the balance of international payments is unquestionably against this country, swelled, as it is, by the yet unliquidated liabilities carried over from former years.

It is, on the other hand, pointed out that money is extremely tight and the demand for exchange much smaller in consequence than it would otherwise be; that the coast ports, north and south, seem to be taking care of themselves, as few orders to take here have been sent lately from branches.

But there is plenty of money yet that will be available to take exchange when the rate is sufficiently inviting.

At present everyone, who can, holds gold notes in expectation of the premium.

The balance of payments, always rickety, has been entirely upset by the fall in rubber and cannot for a long time be rightened except by further use of foreign credit.

A big loan might straighten things for a time, only, however, to leave them, when it was exhausted, more tangled than before.

There is some talk of borrowing gold from the Caixa to support exchange. But that would be a fatal proceeding if known and only lead to a still more rapid depletion of the Caixa.

**Paris Conditions.** Money, says the "Financier" of 24th February, is cheap across the channel, the bear account being practically closed. Gold keeps trickling into the Bank of France, which has added 86,000,000 francs to its stock during the last six weeks. The big joint stock banks are bursting with cash, for which there is no use pending the issue of native and foreign loans. Investors are nervous over the political scrimmage and prospects of fresh taxation, so that the banks are afraid to make a move.

#### Bank Cash Reserves, in contos of reis:—

	31 Jan.	28 Feb.	Inc. or Dec.
Rio National Banks .....	48,299	48,626	
„ Foreign Banks .....	35,871	37,399	+4.3%
<b>Total Rio, 1914 .....</b>	<b>84,170</b>	<b>86,025</b>	<b>+2.2%</b>
S. Paulo National Banks .....	23,260	24,746	+6.3%
„ Foreign Banks .....	42,231	46,108	+9.1%
<b>Total S. Paulo .....</b>	<b>65,491</b>	<b>70,854</b>	<b>+8.2%</b>
<b>Total Rio and S. Paulo, 1914...</b>	<b>149,661</b>	<b>156,878</b>	<b>+4.8%</b>
<b>Total Rio and S. Paulo, 1913..</b>	<b>167,382</b>	<b>157,087</b>	<b>-6.2%</b>

Cash reserves at the Rio National banks was practically stationary, the increase being only 33:000\$, whilst at the Foreign banks it amounted to 1,528:000\$ or 4.2 per cent., bringing up the increase in all to 1,855:000\$ or 2.2 per cent.

At S. Paulo, inclusive of Santos, there was an increase of 1,486:000\$ or 6.3 per cent. at the National banks and of 3,877:000\$ or 9.1 per cent. at the Foreign banks, bringing up the increase for S. Paulo to 5,363:000\$ or 8.2 per cent.

For both markets (Rio and S. Paulo) the increase of cash in both National and Foreign banks amounted to 7,217:000\$ or 4.8 per cent., as against a decrease in 1913 for same period of 10,345:000\$ or 6.2 per cent.

The increase of bank cash reserves in February is all the more notable because of the simultaneous shrinkage of 5,619:000\$ in the circulating medium, and, whilst, probably, directly due to drawing for the S. Paulo loan, seems an indication that, under pressure, money is gradually returning to the banks.

As a rule, drawing on S. Paulo account results in simple dislocation of funds from Rio to S. Paulo banks. But in this instance, though money must now be in request both at S. Paulo and Rio for the "custeio" or maintenance of fazendas and the circulation has diminished, bank cash reserves have increased in both markets.

It is known that for some time money has been systematically hoarded and to judge from the above figures the increase of bank reserves and the 5,000:000\$ withdrawn from the Caixa must have been furnished out of the hoarded money.

As the premium on gold grows the tendency to hoard will increase and so still further restrict the available supply of currency.

#### Recent Issues, 2nd March, 1914:—

	Price	Paid	Closing
S. Paulo 5 p.c. Short Term Notes..	97	97	97-97½
Mogyana 1st 5 p.c. Debentures.....	96	25	3-2½ disc.

**Service of the Debt.** A telegram from London states the amortisation of the 1888 and 1889 London loans, due on 1st April has been provided for by purchase of stock to amount of £84,000 of the former and £131,000 of the latter issue.

It is curious how payment of these coupons, due in April and October, coincided with heavy withdrawals of gold from the Caixa towards the end of September and now again in March.

The debenture issues of the three S. Paulo railways lately declared insolvent are:—

Araraquara, 5 per cent £1,200,000 .....	18,000:000\$
Dourado, 5 per cent. frs. 20,000,000 .....	18,000:000\$
S. Paulo and Goyaz, 7,000:000\$ .....	7,000:000\$
	<b>Rs. 48,000:000\$</b>

Besides these issues, the three lines have a floating debt of Rs. 11,500:000\$ or about £760,000.

The Araraquara debentures were brought out in London by Baring Bros., but, like those of the other two, landed in Paris.

#### CUSTOMS REVENUE (FEDERAL).

	1913	1914
Rio, March 1-21 .....	£539,582	£410,372
Decrease, 1913-14, £129,204, or 23.9 per cent.		

#### INLAND REVENUE (FEDERAL).

	1913	1914
Rio, March 1-21 .....	2,008:655\$	2,132:563\$
Increase, 1914, 128:908 or £8,594.		

#### Closing quotations, 21st March:—

	1914	1913
Bank of England Rate .....	9%	5%
Open Market Rate, London .....	2%	4 13/16
Consols .....	74%	75%
Apolices Ceraes, 12th March .....	800\$ to 848\$	
Vales Gold .....	1\$687	
Bank of Brazil .....	178\$	
S. Paulo State, 6% apolices .....	960\$	
Santos Docks .....	435\$	
Mogyana Railway Shares, buyers .....	280\$	
Paulista Railway Shares, buyers .....	320\$	
1887 4 per cent. Loan, Federal .....	72	85
1899 5 per cent. Loan, S. Paulo .....	99	101
Leopoldina Stock .....	64	72 1/2
S. Paulo Railway, Ordinary .....	223	259
Brazilian Traction, Ordinary .....	79 1/2	96 1/2
Brazil Railway .....	20	73
Dumont Coffee, Pref. .....	9%	11
Mexican N. W. Railway .....	7	

## RUBBER.

## Latest Quotations:—

	21 March	14 March	7 March
	s. d.	s. d.	s. d.
Fine hard Pará .....	3 0¼	3 0¼	3 0
Plantation .....	2 5¼	2 4¼	2 3¼

## Quotations per kilo at Belem (Pará) per kilo:—

	31 Dec., 1913	9 March, 1914	Rise or Fall
Sertão (up-river) fine .....	3\$800	3\$700	— 2.6%
„ Sernamby scrap .....	2\$000	1\$900	— 5.0%
„ Caucho .....	2\$200	2\$100	— 4.4%
Islands Pará, fine .....	2\$450	3\$000	+21.4%
„ Sernamby scrap .....	\$950	1\$200	+26.3%
„ Cameta .....	1\$450	1\$500	+ 3.4%

Whilst up-river qualities show a decline of 2.6 to 5 per cent. since 31st December, Islands qualities all show a rise of 22.5 per cent. for fine and 26.3 per cent. for sernamby or scrap.

The only speculative market for Brazil rubber is for hard fine, which is more or less controlled by a group whose interest it is to keep prices of this kind down until the up-river season comes to an end in April. After all the hard fine has been bought, it is their interest to peddle out any stocks, that may have been secured, at the highest price possible. For this reason a rise in the price of hard fine about May seems not improbable.

Up to the close of the year, quotations of entrefina and fina fraca were intermediate between hard fine and plantation, whilst caucho and sernamby were quoted below. With the rise in February of plantation rubbers, quotations for Islands fine and scrap (sernamby) have taken a jump of 22 to 26 per cent.

Islands rubber, though generally following the course of the hard fine, is not controlled by speculative factors and so participated in the improvement in plantation kinds, with which they are in close competition. The jump of 22 per cent. in local quotations for Islands fine and 26 per cent. in Islands Sernamby, however, points either to some special demand in London for these kinds or to a renewal of speculation at Pará. The fact that quotations for up-river Caucho, which is likewise not affected by the terms market, have not risen, but declined and that plantation has of late also been falling, points to the later hypothesis as the more probable.

## Average Price of rubber for 4 years:—

	Hard Fine		Plantation (Av. sheet.)	
	s.	d.	s.	d.
1910 .....	8	8	8	5
1911 .....	4	11½	5	3½
1912 .....	4	8	4	10½
1913 .....	3	5¼	3	0¼

A cable from Pará states that a new issue of foreign bonds is to be made at 78 per cent.

## Entries:—

	1908-09	1909-10	1910-11	1911-12	1912-13	1913-14
July .....	1,300	1,400	2,340	1,410	1,940	2,120
August .....	1,890	1,870	1,870	1,590	1,900	1,600
September ..	2,355	2,020	1,980	2,630	2,620	2,880
October .....	3,460	3,275	3,170	2,990	3,920	3,740
November ..	3,430	4,640	3,790	3,550	3,715	2,550
December ...	3,300	3,510	2,640	3,830	4,920	3,500
January ....	5,480	5,490	4,130	4,860	5,140	4,420
February ...	5,040	4,760	5,795	4,850	4,990	4,610
March .....	4,140	5,210	3,540	4,400	4,265	—
April .....	3,760	3,600	3,490	3,270	3,540	—
May .....	2,340	2,170	3,060	3,410	2,880	—
June .....	1,570	1,220	1,725	2,570	2,105	—
Total, tons ..	38,065	39,165	37,530	39,360	41,985	—
July-Feb. ...	—	—	—	25,660	29,145	25,510

## Exports:—

	1910	1911	1912	1913
To Europe .....	22,979,328	19,757,718	21,994,900	22,114,618
To United States	15,060,490	16,100,881	21,367,493	17,101,115
Total kilos .....	38,039,818	35,858,599	43,362,393	39,215,733

## SUNDRY.

## Brazilian Traction, Light and Power. A year ago this stock

was quoted at 98, now it stands at 79 1/2.

How, in the face of the January statement showing a gross increase of £21,488 and a net increase of £34,139, with total earnings of £242,384, this stock should fall so persistently seems incomprehensible to residents who follow day by day the development of traffic. Every branch shows improvement—tramways, light, power and gas—the concern is to all appearances admirably managed, and yet, day by day, quotations are falling! Why?

Since 1904, when this company was registered, it has transformed Rio and made life distinctly easier and better worth living. Communications have been immensely improved and the health of the population improved by the decentralization, otherwise impracticable.

Cooped up within a narrow area of dark alleys, Rio is now the best lighted city in the world, with an abundance of open spaces, gardens and boulevards that the most advanced cities in Europe might well envy.

This, of course, was not the work only of the Traction Company, but also of the Federal and Municipal Governments, who in their spheres, helped to make Rio what it is.

The services of the Traction Company come home to every individual resident at Rio in a personal way and so associate him with the fortunes of the concern.

It is for such reasons that thinking people are concerned and puzzled when they note the persistent decline of a security that in Rio, at least, seemed *facile princeps*.

The decline in quotations is usually attributed to sympathy with the discredit attaching at present to Brazilian concerns in general and the dread of fresh depreciation of the currency.

But there are others concerns with less scope for development to which such considerations equally apply, that, withal, maintain positions almost unimpaired, such as the S. Paulo Railway.

If exchange fell, of course, sterling revenues would suffer, but not in the case of the Traction Co. in direct ratio, seeing that a good deal of the revenue is already on a gold basis and that much of administrative expenditure, now on that basis, could, if necessary, be also adjusted to the currency standard.

The solution of the problem would seem to lie with London and not Rio, and to depend on factors of which we here are ignorant, foreign, probably, to purely local conditions.

## Foreign Land Owners

The following table shows how small, comparatively, English holdings of real estate are in S. Paulo, where in consequence of the important industrial and railway undertakings, they would, it might be imagined, top the list. As a fact, even German holdings are more than four times as large, whilst Italian and Portuguese together are nearly seventeen times English.

	Rural	Urban
Italian .....	48,395:164\$500	113,233:820\$000
Portuguese .....	32,814:950\$500	118:005:090\$000
German .....	29,791:703\$500	41,925:863\$000
British .....	12,921:905\$000	4,723:240\$000
French .....	3,673:687\$000	7,246:440\$000
Spanish .....	2,990:437\$000	8,627:747\$000
Austrian .....	1,499:500\$000	767:580\$000
Sundry .....	5,305:272\$000	13,391:336\$000
Syrian .....	—	3,278:130\$000
	137,292:618\$000	311,199:246\$000

Total, rural and urban, 448,591:864\$000 or nearly £30,000,000

**Latin America.** An interesting compilation has been made by "The South American Journal", showing the amount of British capital invested in Latin-American countries and the average return on investment. The total seems to be not greatly short of £1,000,000,000, on which the average return last year was 4.7 per cent. If only South American countries proper be reckoned the total invested is £757,451,200 and the average return 5.1 per cent. Of Government loans only about 4 per cent. was actually in default last year, and the percentage paid in interest by the others was 4.4 per cent. The average railway return was 4.2 per cent., but 13 per cent. of the total capital was earning no dividend. The average return on British investments in miscellaneous Latin-American securities was about 5.5 per cent.